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PRE-APPEAL BRIEF REQUEST FOR REVIEW		Docket Number (Optional) 20107/1200838-US1	
	Application Number 10/709,329-Conf. #3328	Filed April 28, 2004	
	First Named Inventor Earl Rotman et al.		
	Art Unit 3628	Examiner N. B. Nguyen	
<p>Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.</p> <p>This request is being filed with a notice of appeal.</p> <p>The review is requested for the reason(s) stated on the attached sheet(s). Note: No more than five (5) pages may be provided.</p> <p>I am the</p> <p><input type="checkbox"/> applicant /inventor.</p> <p><input type="checkbox"/> assignee of record of the entire interest. See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed. (Form PTO/SB/96)</p> <p><input checked="" type="checkbox"/> attorney or agent of record. Registration number 47,698</p> <p><input type="checkbox"/> attorney or agent acting under 37 CFR 1.34. Registration number if acting under 37 CFR 1.34.</p> <p> Signature</p> <p>Richard J. Katz Typed or printed name</p> <p>(212) 527-7700 Telephone number</p> <p>April 17, 2006 Date</p> <p>NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below*.</p>			
<input type="checkbox"/> *Total of 1 forms are submitted.			



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Dated: _____

File No. 20107/1200838-US1
(PATENT)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Earl ROTMAN et al.

Confirmation No. 3328

Serial No.: 10/709,329

Group Art Unit: 3628

Filed: April 28, 2004

Examiner: Nga B. Nguyen

For: SYSTEM AND METHOD FOR CREATING TRADEABLE FINANCIAL UNITS

PRE-APPEAL BRIEF REQUEST FOR REVIEW

MS AF
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

Concurrent with the filing of a second Notice of Appeal, and in accordance with the Pre-Appeal Brief Conference Program, Applicants hereby request a pre-appeal brief review of the rejection mailed January 17, 2006 in the above-identified application. The rejection follows an October 11, 2005 Notice of Panel Decision. No amendments are being filed with this request.

A first Notice of Appeal accompanied by the requisite fee was filed August 11, 2005. Accordingly, Applicants submit that no fee is due at this time. However, the Commissioner is authorized to charge any deficiency up to \$500.00 to Deposit Account No. 04-0100.

The sole question on appeal is whether the rejection of all claims as being directed to non-statutory subject matter under 35 U.S.C. § 101 is correct. *See* January 17, 2006 Office Action; *see also* May 26, 2005 Office Action.

Subsequent to the Panel Decision, which withdrew the May 26th rejection and reopened prosecution, in the January 17th Office Action the Examiner maintains the same grounds of rejection for claims 1-18, 30-49 and 61-62, and merely has reorganized the same grounds of rejection for the remaining claims as indicated in the following table. The January 17 2006 Office Action presents the same issues as existed prior to the filing of the first Pre-Appeal

Brief Request For Review, and the Panel Decision to reopen prosecution. Thus, the January 17th Office Action fails to advance the prosecution of this application.

Comparison of Grounds for Rejection

**Non-Final Office Action
mailed May 26, 2005**

Claims 1-74:

non-functional descriptive matter *per se*
no functional interrelationship

not implemented on specific apparatus

utility must be within the technological arts
directed to abstract method apart from the
apparatus for performing the method

“Claims 1-74 are non-statutory, because the
are directed solely to an abstract idea
without practical application in the
technological arts.”

**Non-Final Office Action
mailed January 17, 2006**

Claims 1-18, 30-49 and 61-62:

non-functional descriptive matter *per se*
no functional interrelationship

Claims 19-29, 50-60 and 63-74

does not produce useful concrete and
tangible result

invention must accomplish a practical
result

disclosure should contain an indication of
the practical application

method claim has practical application
when it produces something concrete,
tangible and useful

“Claims 1-74 are non-statutory, because the
are directed solely to Non-Functional
Descriptive Material *Per Se* and an abstract
idea without practical application in the
technological arts.”

The Board of Patent Appeals and Interferences held that there is no “separate
'technological arts' test to determine patent eligible subject matter under § 101.” *See Exparte*

Appl. No.: 10/709,329

Second Pre-Appeal Brief Request for Review

Reply to Office Action of January 17, 2006

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Lundgren, Appeal No. 2003-2088 (BPAI 2005). Thus, Appellants submit that the Examiner has improperly rejected claims 1-74 for not having “practical application in the technological arts.”

A. All Claims Satisfy Guidelines for Computer Related Inventions

The Specification and Remarks of record (*see* December 3, 2004 Response to Office Action, pages 20-26) establish numerous examples of statements of practical application. MPEP § 2106, Examination Guidelines for Computer Related Inventions (“Guidelines”), instructs that during examination the Examiner should point out statements made in the Specification that identify all practical applications for the invention, and that the Examiner should rely on such statements throughout the examination. MPEP page 2100-6. Further, the Guidelines instruct the Examiner that “only one [practical application] is necessary to satisfy the utility requirement.” The Examiner errs in failing to recognize that all of the pending claims, including the article claims 1-18 and 30-31, the article claims 32-49, 61-62 and 73-74, and the method claims 19-29, 50-60 and 63-72 satisfy the requirements of 35 U.S.C. § 101.¹ Thus, claims 1-74 satisfy the Guidelines for statutory subject matter, and withdrawal of the rejections is appropriate for this reason alone.

B. Article Claims 1-18, 30-49, 61-62 and 73-74 Are Rejected In Error

Claims 1-18, 30-49, 61-62 and 73-74 are within the Federal Circuit's jurisprudence of what constitutes statutory subject matter. *See* December 3, 2004 Response to Office Action, page 21 (last paragraph) through page 26, for detailed arguments of Federal Circuit precedence and MPEP guidelines. These claims are directed to "an article suitable for trade." The article recited in these claims is a tradeable unit representing a new form of a capital structure for a company, i.e., a combination of equity and subordinated debt in a predetermined ratio. The structure of the claimed article suitable for trade is necessarily a transformation or reduction to a

¹ The Examiner incorrectly rejects claims 73 and 74 for the same reasons as method claims 19-29, 50-60 and 63-72. *See* Office Action mailed January 17, 2006, page 3. However, claims 73 and 74 are clearly apparatus claims depending from apparatus claim 1. Appellants submit that claims 73-74 are patentable, and have not yet been properly considered by the Examiner on their own merit.

different state or thing because the claimed structure has a separate identity from the underlying equity and debt. Accordingly, the claimed article is a useful, concrete, and tangible item and, therefore, consequently meets the requirements of 35 U.S.C. § 101.

Further, with respect to additional article claims 32-49, 61-62 and 73-74, these claims should be considered separate from the other article claims. These claims were added by the December 3rd Response and recite additional structural features, interrelationships, or practical applications having a useful, concrete, and tangible result. The Examiner has erred in ignoring the pertinence of these additional features by stretching the prior rejection under § 101 to these claims.

Additionally, as noted in footnote 1, article claims 73 and 74 were rejected by the Examiner for the same reasons as method claims 19-29, 50-60 and 63-72. Appellants submit that article claims 73 and 74 each provide concrete, tangible, and useful results. For instance, claim 73 recites that the structure of the tradeable unit of claim 1 is a “certificate representing direct ownership.” Claim 74 recites the structure of the tradeable unit of claim 1 is “an electronic-book entry stored in a database.” Appellants submit that claims 73 and 74 provide a real world result.

C. Method Claims Are Rejected In Error

The Examiner errs in rejecting claims 19-29, 50-60 and 63-72 as being directed to a non-statutory subject matter. A process claim is statutory if it “produces a concrete, tangible and useful result; i.e., the method recites a step or act of producing something that is concrete, tangible and useful.” *See* MPEP, page 2100-18; *see also* December 3, 2004 Response to Office Action, page 19-21. Selected examples of the concrete, tangible and useful results that are recited in the pending method claims 19-29, 50-60 and 63-72 are “offering the unit for purchase and sale,” “offering the second unit for purchase and sale,” and “effecting the transfer of ownership of at least one of the equity and debt.” None of the foregoing would be possible but for the creation of the claimed tradeable unit. Accordingly, the method claims (claims 19-29, 50-

60 and 63-72) are directed to statutory processes and the rejection of these claims should be withdrawn.

D. Conclusion

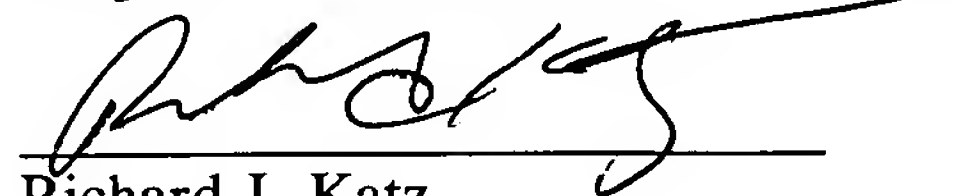
Paraphrasing the holding in State Street Bank:

[T]he transformation of data, representing [equity and subordinated debt], by a machine through a series of mathematical calculations into a [tradeable unit], constitutes a practical application of a mathematical algorithm, formula, or calculation because it produces “a useful, concrete and tangible result” — a final [unit] price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades [i.e., purchase and sale].

In particular, as to the method claims 19, 50, 54 and 63 allow “offering the unit for purchase and sale.” The result of claim 23 is “offering the second unit for purchase and sale.” Claims 28 and 59 result in “effecting the transfer of ownership of at least one of the equity and debt.” As to the apparatus claims 1 and 7, they provide “direct ownership of said equity shares and said debt.” Claims 17 and 30 allow for “clearing and settlement of any purchases and sales of the unit.” Claims 32, 38, 48 and 61 provide a “database record including an entry identifying a registered holder of the unit.”

Applicants submit that claims 1-74 recite statutory subject matter and conform with the requirements of 35 U.S.C. § 101 et seq. Accordingly, Applicants request that the present rejections be withdrawn and the claims be passed to allowance.

Respectfully submitted,



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Dated: April 17, 2006

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Second Pre-Appeal Brief Request for Review

Reply to Office Action of January 17, 2006

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